



**Q2 2025**

# Medical Office Market Report.

Snapshot & Outlook

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*South Florida's medical office market remained on solid footing in Q2 2025, with leasing, absorption, and investment activity all reflecting continued confidence in the region's long-term healthcare growth story.*

Total inventory climbed to 24.8 million SF, up 2.5% quarter over quarter, as developers moved forward with projects that increasingly blend healthcare with mixed-use and community-oriented planning. This growth was underscored by significant hospital expansions and new developments, including the construction and continued expansion of the Alan B. Miller Medical Center in Palm Beach Gardens and Jackson Memorial's transformative ER expansion in Miami, now the largest of its kind in the U.S.

Occupancy remains healthy at 93.8%, with the market recording 579,000 SF of positive net absorption in the second quarter, driven by the delivery of the Kenneth C Griffin Cancer Research Building and the UHealth Medical Center at SoLé Mia. The 579,000 SF of positive absorption more than quadruples the 137,000 SF recorded in all of 2024. Year to date, absorption stands at 556,000 SF, a sign of both organic growth and the backfilling of space that had gone dark during system consolidations. Leasing activity reached 324,000 SF in Q2, bringing the year-to-date total to 637,000 SF, supported by demand from regional health systems, specialty practices, and outpatient care providers. Nationally, tenant interest is shifting toward flexible, tech-enabled space as providers adapt to evolving care models that prioritize modular design, telehealth integration, and multi-specialty coordination.

Momentum is visible across all three counties in South Florida. Miami-Dade County continues to lead the region in construction, including the 234,000 SF Irma and Norman Braman Cancer





Center in Miami Beach at Mount Sinai's main campus. In Broward County, Baptist Health South Florida broke ground on a new 60,000 SF Pembroke Pines medical center, while Memorial Regional Hospital's \$670 million surgical and bed tower will bring more than 400,000 SF of new clinical space to Hollywood. In Palm Beach County, the 432,000 SF Alan B. Miller Medical Center is now under construction in Palm Beach Gardens, making it the largest hospital expansion in the county in decades and signaling a strategic shift toward comprehensive, regionally distributed care.

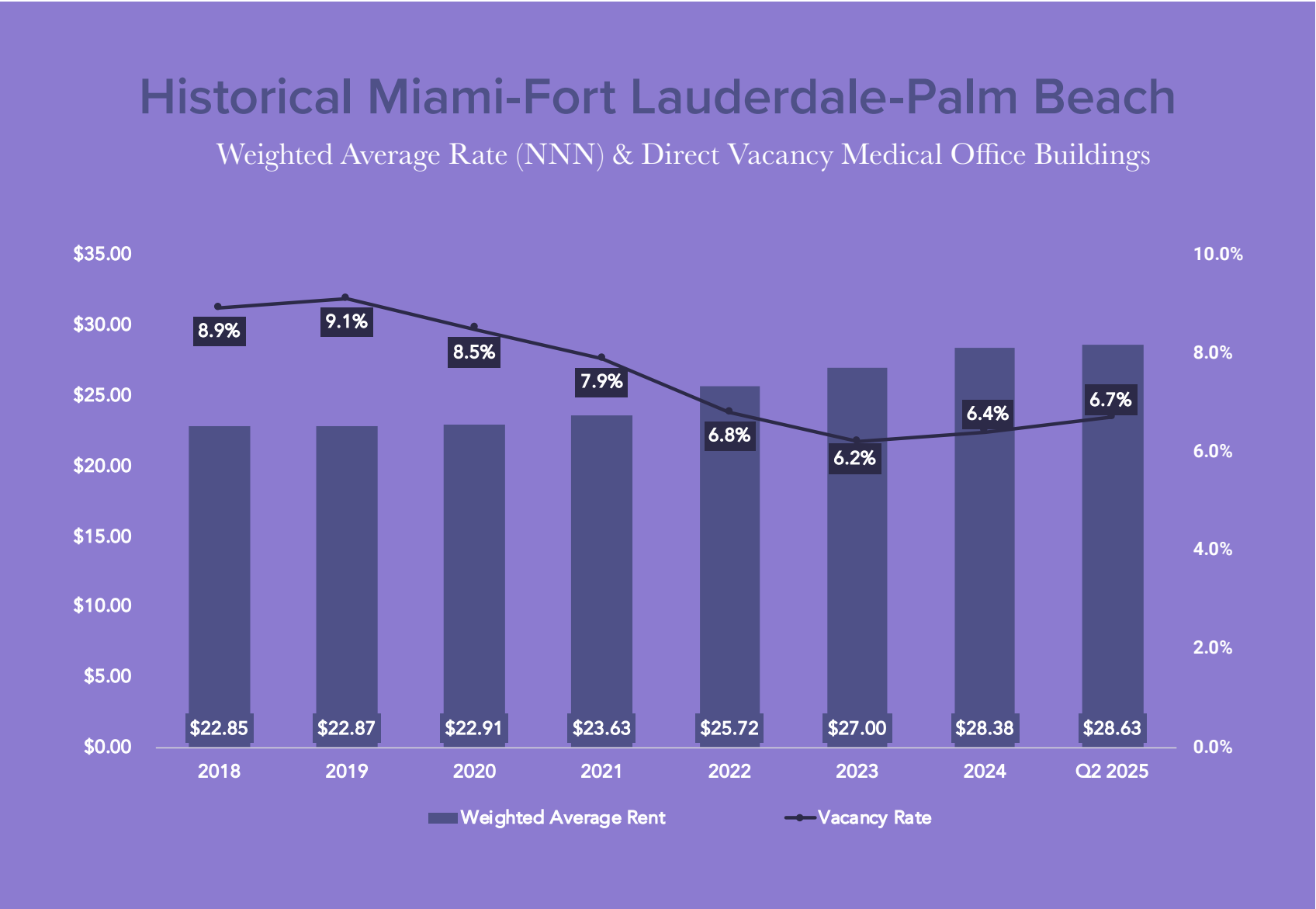
There is 1.1 million SF of medical office construction currently underway in South Florida. While modest by broader commercial standards, this volume is well aligned with current demand levels and supports continued rent stability. In addition to new construction, many health systems are reinvesting in existing campuses. Boca Raton Regional Hospital (part of Baptist Health South Florida), Jupiter Medical Center, and HCA Florida locations in Kendall, Atlantis, and Aventura are all undergoing multimillion-dollar upgrades to expand service lines and modernize the patient experience.

Investor interest remains firm, particularly for stabilized MOB assets in strong locations. Over the past 12 months, \$229 million in sales volume was recorded at an average of \$428 per square foot, representing a 26% increase in transactional volume compared to the prior 12-month period. Cap rates averaged 6.9%, flat quarter over quarter and down slightly from a year ago. One notable transaction was New York Life's \$38.3 million acquisition of the 97% leased Pembroke Pines Medical Plaza, reinforcing the attractiveness of well-located, high-occupancy properties.



Average asking rents edged higher to \$28.63 per square foot NNN, reflecting 1.5% year-over-year and 0.1% quarter-over-quarter growth. Consistent rent gains continue to be supported by high occupancy, limited new supply, and ongoing demand from providers seeking space in strategic locations. In many cases, these providers are repurposing nontraditional formats such as retail pads or converted office suites into clinics, urgent care centers, or ambulatory hubs to increase access and visibility.

Looking forward, demographic growth and care delivery trends remain in South Florida’s favor. An aging population and consumer preference for convenience are all fueling outpatient demand. At the same time, Florida’s deregulated healthcare approval process (no certificate of need) and flexible land use policies continue to attract national operators and institutional capital. As health systems increasingly pursue ambulatory strategies and mixed-use integration, the demand for modern, adaptable medical office space is poised to stay strong, especially in submarkets that offer proximity to hospitals, major infrastructure, and growing residential bases.



# Market highlights.



*Miami-Dade continues to lead South Florida's medical office market in both scale and momentum, driven by its concentration of major health systems, research institutions, and population density.*

The market expanded significantly in Q2 2025, with total inventory rising from 11.3 million to 11.9 million SF. This increase was propelled by the delivery of two landmark facilities: the UHealth Medical Center at SoLé Mia, a 363,000 SF outpatient hub in North Miami, and the Kenneth C. Griffin Cancer Research Building, a 244,000 SF facility on the University of Miami's medical campus designed to advance cancer research and care. These projects not only added square footage but signaled Miami-Dade's continued evolution into a premier destination for cutting-edge, integrated healthcare environments.

Occupancy remains strong at 94.8%, dipping slightly from 95.0% last quarter, yet remaining resilient considering the size of new deliveries. Net absorption totaled 590,000 SF in Q2, bringing year-to-date absorption to 587,000 SF and pushing the trailing 12-month total to 724,000 SF, far surpassing last year's performance and reinforcing the county's reputation as the region's most active and stable medical office market.

Leasing volume reached 120,000 SF for the quarter, bringing the midyear total to 217,000 SF. Activity has remained steady with demand centered on Class A properties near major hospitals and within emerging healthcare corridors. While leasing was more moderate than absorption figures might suggest, many tenants

took occupancy this quarter in previously preleased space, particularly within the newly delivered facilities. As providers adjust to expanded real estate options and continue shifting toward outpatient models, leasing is expected to accelerate in the back half of the year.

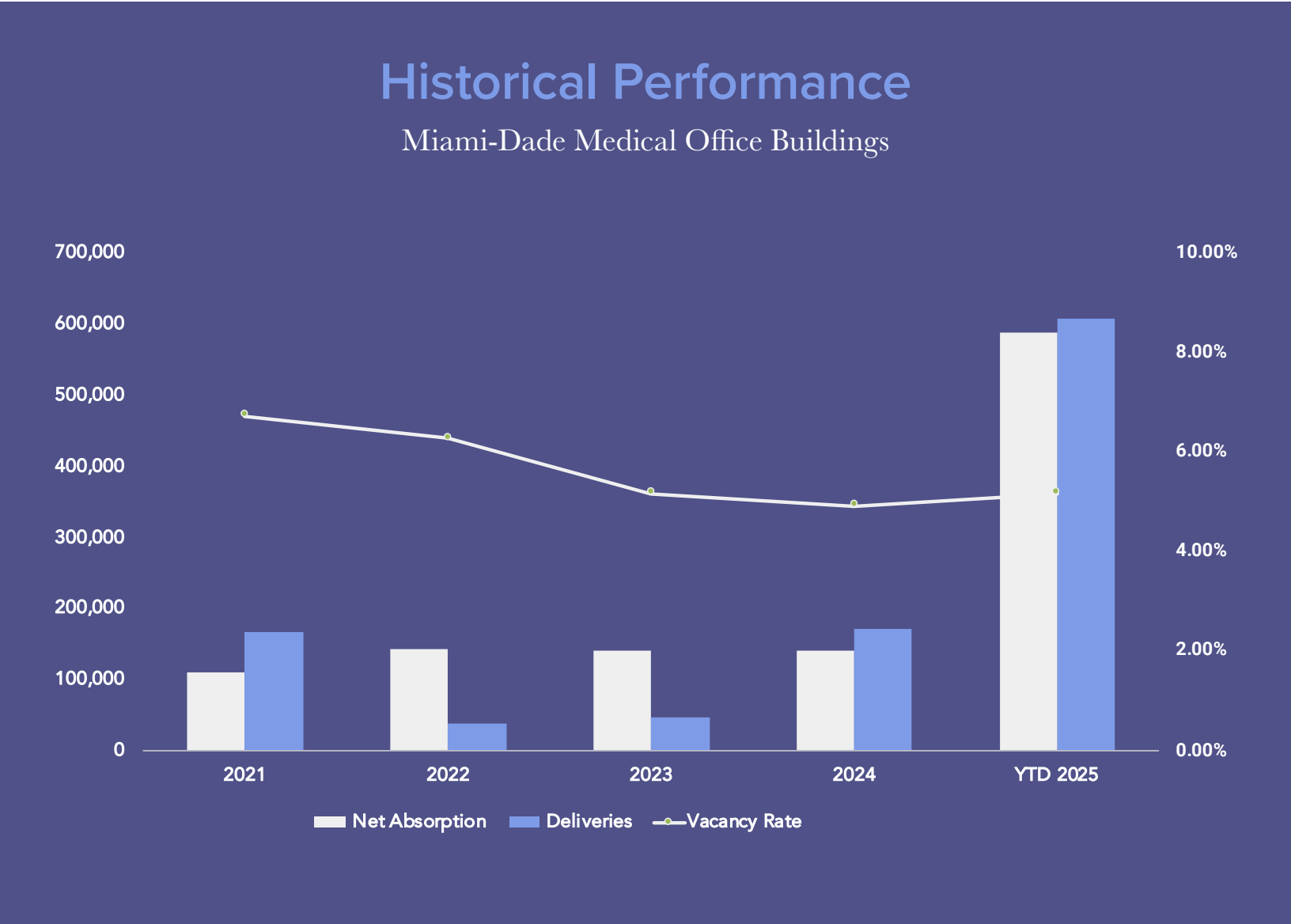
Average asking rents held firm at \$38.43 per square foot NNN across all asset classes, reflecting a 1.1% year-over-year increase and continuing to lead the tri-county region. While pricing growth has cooled, top-of-market assets near hospital anchors or within walkable mixed-use developments continue to command premiums, as providers increasingly prioritize convenience, brand presence, and flexibility in how space is used, especially in light of evolving hybrid care models.

Investor sentiment has followed suit. Over the past 12 months, Miami-Dade recorded \$58.6 million in sales volume, with properties trading at an average of \$502 per square foot—well above regional norms. Cap rates held steady at 6.1%, indicating consistent demand from institutional buyers drawn to the market's scale, income durability, and alignment with healthcare fundamentals.

Development activity remains robust, with 864,000 SF of medical office space under construction, the largest pipeline in South Florida. Beyond the recent deliveries at SoLé Mia and the Sylvester campus, a number of forward-looking projects are reshaping the landscape. A Live Local Act development was recently approved, combining workforce housing and







integrated medical office space in a mixed-use format that reflects a broader shift in how healthcare facilities are positioned in the community. The proposed MedSquare South Miami, blending medical suites and duplex residences near Baptist Health South Miami Hospital further underscores the county’s embrace of hybrid, accessible care environments that support both patient needs and staff retention. Additionally in South Miami, Baptist Health South Florida is developing, in conjunction with Anchor Health Properties, a 97,000 SF rehab hospital that will offer specialized treatment for individuals with brain or spinal cord injuries, as well as select cardiac, oncology, orthopedic and stroke patients

Entering the second half of 2025, Miami-Dade’s medical office sector is well positioned to maintain its lead in the region. With fundamentals supported by strong patient growth, institutional health system expansion, and ongoing capital investment, the county remains a bellwether for how healthcare real estate is evolving across South Florida and beyond.

*Broward County's medical office market remained largely steady in Q2 2025, though signs of softness continue to emerge across select metrics.*

Total inventory held at 7.2 million SF, while occupancy slipped slightly to 91.2%, down from 91.4% last quarter and 92.4% one year ago. Despite positive quarterly absorption of 5,000 SF, the market has yet to fully offset earlier losses, with year-to-date absorption at -21,000 SF and trailing 12-month absorption totaling -63,000 SF. This pattern underscores the caution that some tenants are exercising as they recalibrate space needs and adjust to cost pressures and shifting delivery models.

Leasing activity totaled 107,000 SF during the quarter, bringing the midyear total to 229,000 SF. Tenants remain active across a range of specialties, particularly in suburban areas that offer accessibility, parking, and proximity to growing residential bases. Asking rents held firm at \$26.32 per square foot NNN, up 1.0% year over year, reflecting stable demand and continued confidence in long-term fundamentals—even amid a slower recovery in net occupancy.

Healthcare systems are making significant investments across Broward that are expected to stimulate future outpatient demand. Baptist Health South Florida broke ground on a new 60,865-square-foot emergency and specialty care center in Pembroke Pines that will consolidate a range of services, from cardiology and neurology to spine and primary care, into one cohesive facility. This development joins Memorial Regional Hospital's \$670 million surgical and bed tower project, a transformative expansion that will bring more than 400,000 SF of inpatient capacity online in Hollywood and drive downstream demand for nearby clinic and medical office space. Broward Health is also undertaking its first ambulatory construction effort in over two decades, with new MOBs planned in Fort Lauderdale and Deerfield Beach totaling more than 300,000 SF,

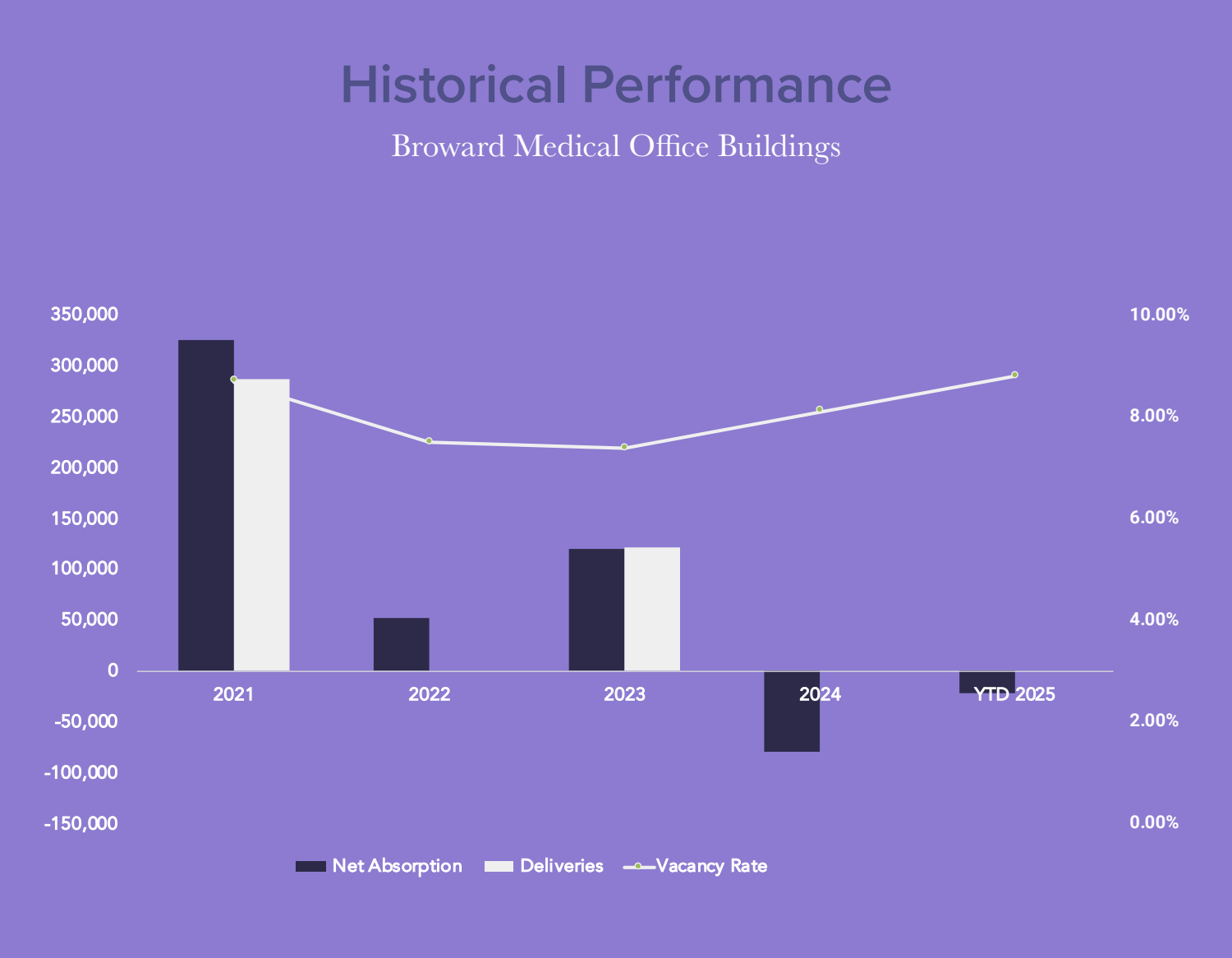


plus a 700-space parking structure to support long-term access.

Investment activity remained robust, with \$88.2 million in sales volume over the past 12 months at an average of \$469 per square foot—well above historical norms. However, average cap rates have widened to 8.3%, a reflection of investors pricing in risk amid elevated borrowing costs and mixed occupancy trends. Still, buyer interest remains healthy for well-located and fully leased assets, as evidenced by New York Life’s \$38.3 million acquisition of the Pembroke Pines Medical Plaza, a four-building, 92,000 SF complex.

Construction pipelines are beginning to stir, with 156,000 SF underway. Much of this square footage is Baptist Health South Florida’s Pembroke Pines project, but new outpatient locations are also emerging in fringe markets like Lighthouse Point, where Broward Health recently opened a 14,251 SF freestanding ER with integrated medical office space. These hybrid care environments are emblematic of broader trends, blending emergency services and clinical space in community settings to enhance accessibility and cost efficiency.

Overall, Broward’s medical office market is experiencing a measured pace of change. While vacancy has slightly edged upward and net absorption has yet to firmly rebound, the scale of new health system investments and the stability of leasing activity point to improving fundamentals ahead. As care delivery continues shifting closer to where patients live and work, demand for modern, accessible MOB’s in well-positioned submarkets is likely to intensify in the second half of the year.





*Palm Beach County sustained its momentum in the second quarter of 2025, supported by strong fundamentals and modest leasing activity across core submarkets.*

Total medical office inventory held steady at 5.7 million SF, while the occupancy rate rose slightly over the past year to 93.7%, remaining unchanged from the prior quarter. Although Q2 absorption was slightly negative at -17,000 SF, trailing 12-month absorption stood at a positive 15,000 SF, signaling overall demand stability despite some short-term turnover.

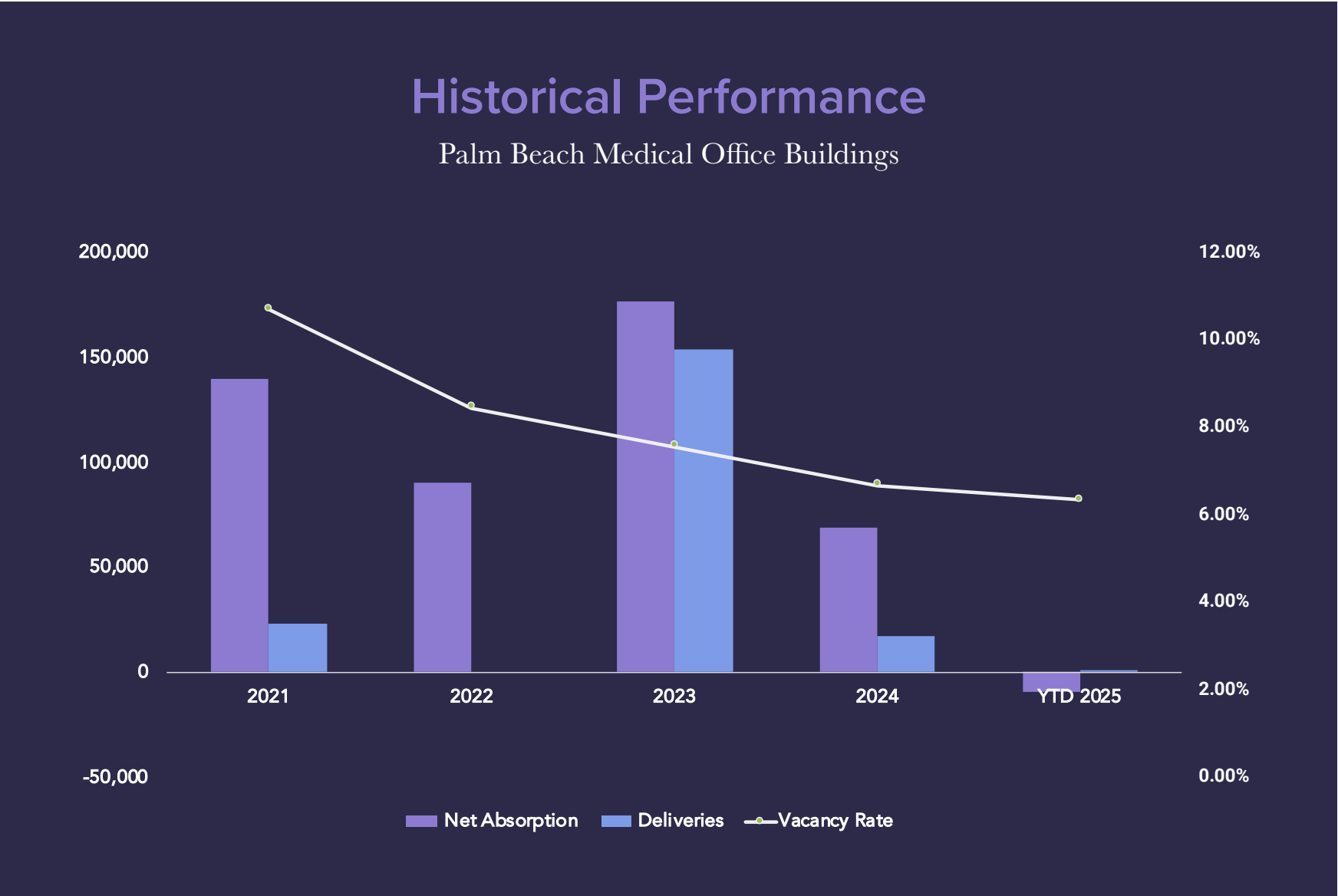
Leasing activity in Q2 totaled 97,000 SF, bringing the year-to-date total to 191,000 SF. Healthcare tenants continue to expand selectively, favoring modern space with proximity to hospital networks and key suburban population centers. Asking rents grew to \$28.65 per square foot NNN, reflecting a 2.2% year-over-year increase and one of the strongest rental growth rates in the region, buoyed by limited availability and strong underlying demand.

On the investment front, transaction volume totaled \$92.6 million over the past 12 months, with an average price of \$440 per square foot and a stable cap rate of 6.7%. Despite broader capital market headwinds, Palm Beach County continues to attract investor interest, supported by high occupancy, rising rental rates, and favorable demographics.



Construction activity remains measured but forward looking, with 125,000 SF in the pipeline. Two key projects highlight the market’s evolution. In Loxahatchee Groves, the Palm Beach Orthopedic Institute has proposed a 20,200 SF outpatient surgery center that would operate six days a week, enhancing access to specialized care in western Palm Beach County. Farther north, Universal Health Services received unanimous city approval for the Alan B. Miller Medical Center in Palm Beach Gardens. Plans include an 80,000 SF medical office building and a 150-bed hospital, further establishing the Alton area as a growing hub for healthcare services and future expansion.

With a steady leasing pace, stable occupancy, and increasing investment in new healthcare infrastructure, Palm Beach County remains a resilient and well-balanced medical office market, supported by both institutional capital and health system expansion.



*South Florida's medical office market heads into the second half of 2025 with renewed momentum and a clear sense of direction.*

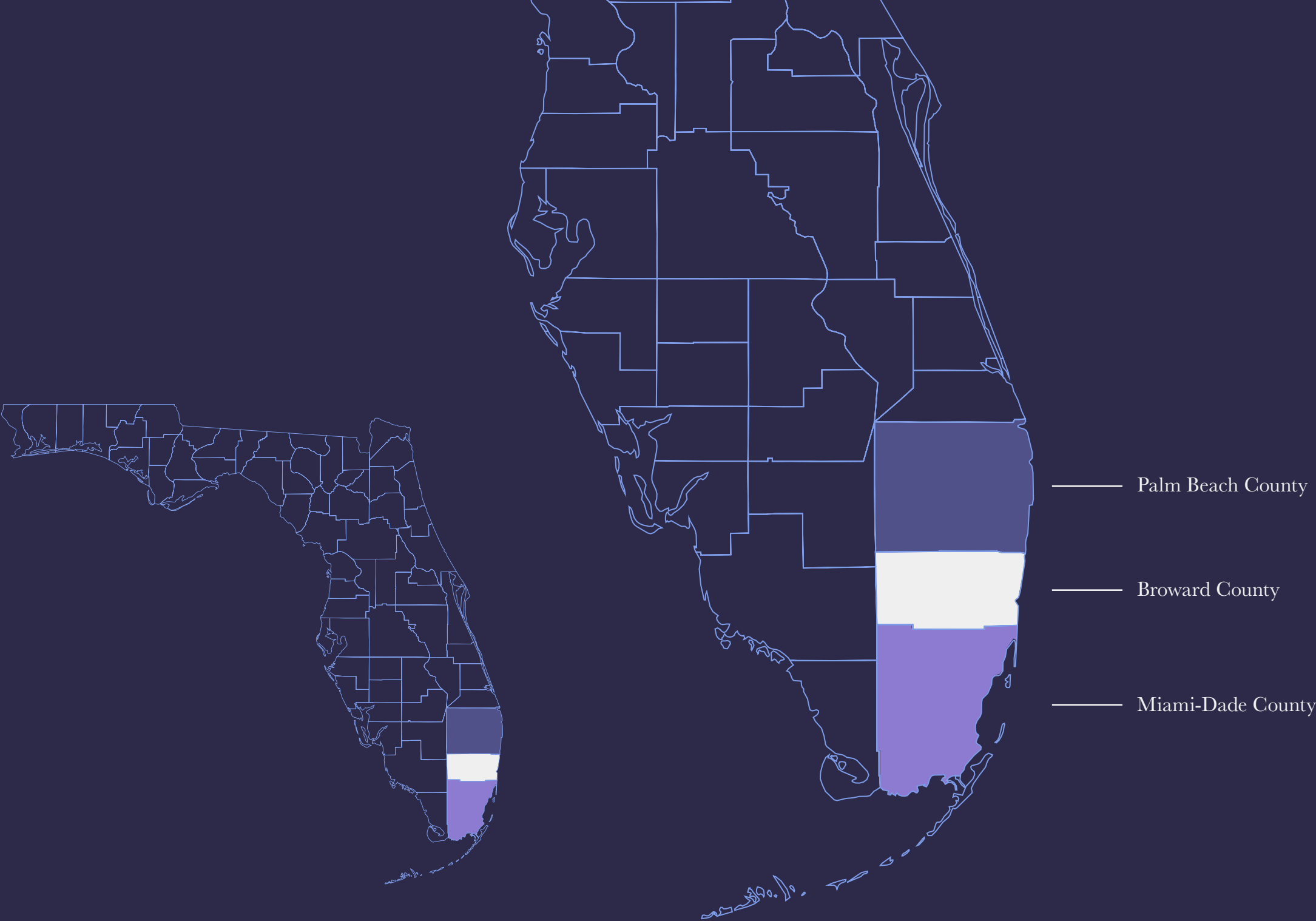
After a quiet start to the year, net absorption surged in the second quarter, pushing year-to-date totals well into positive territory. Leasing activity continues to track ahead of historical norms, and occupancy remains healthy across all three counties, supported by steady demand from health systems, specialty providers, and outpatient users. Even as the delivery pipeline expands, new projects remain targeted and well timed, reflecting a region still growing into its healthcare needs.

Rent growth, while measured, remains positive, underpinned by high occupancy, limited supply, and shifting tenant preferences toward modern, flexible, and tech-enabled formats. Investment activity also picked up, with \$229 million in transaction volume over the past year, a 26% increase compared to the prior 12-month period—signaling that long-term confidence in the medical office sector remains intact, even as cap rates adjust to higher borrowing costs.

Miami-Dade continues to set the pace for the region, with major deliveries, strong leasing, and institutional capital continuing to flow into the market. Palm Beach County remains a model of stability, with modest leasing gains and one of the strongest rent growth rates in the state. Broward, though still in a period of recalibration, is showing early signs of improvement as large-scale health system expansions lay the groundwork for future outpatient demand.

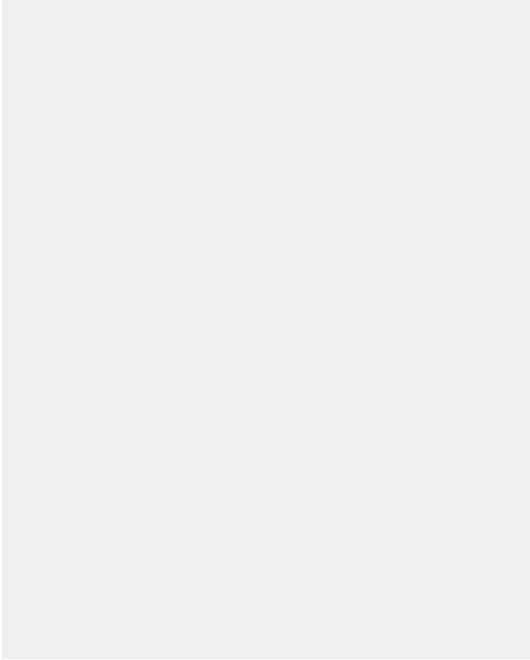
With demographic growth and healthcare trends aligned, and new development largely concentrated in high-performing corridors, the region remains on solid footing. All signs point toward a second half defined by disciplined growth, deepening system investments, and the continued evolution of one of the country's most resilient medical office markets.





Going beyond the data to  
deliver **powerful** outcomes.

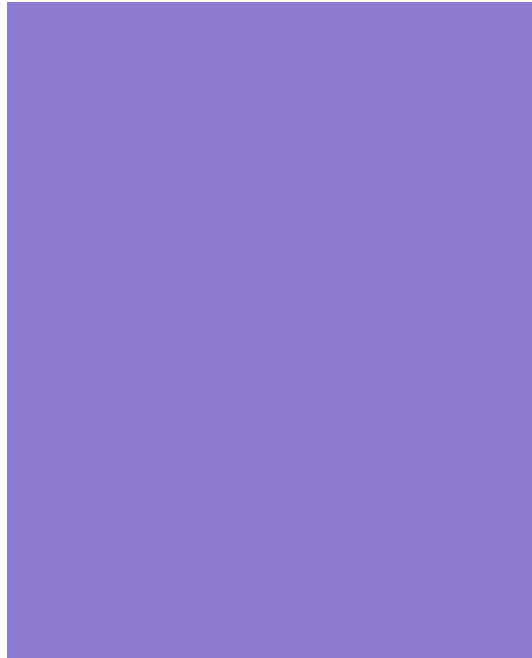




## Who We Are

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*We are an independant business  
with a proven track record of  
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